

**Supporting Statement  
Recordkeeping and Disclosure Provisions  
Associated with Stress Testing Guidance  
OMB Control No. 1557-NEW**

**A. Justification**

**1. Circumstances that make the collection necessary:**

The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (agencies) are issuing guidance on stress testing that would be applicable to all regulated institutions with over \$10 billion in assets. The agencies believe that all banking organizations should have the capacity to understand their risks and the potential impact of stressful events and circumstances on their financial condition. As detailed in the guidance, the U.S. Federal banking agencies previously have highlighted the use of stress testing as a means to better understand the range of an organization's potential risk exposures. The 2007-2009 financial crisis further underscored the need for banking organizations to incorporate stress testing into their risk management, as organizations unprepared for stressful events and circumstances can suffer acute threats to their financial condition and viability. The guidance is intended to be consistent with industry practices and with international supervisory standards.

Supplementing existing supervisory guidance that regarding the uses and merits of stress testing in specific areas of risk management, the guidance provides an overview of how an organization should structure its stress testing activities and ensure they fit into overall risk management. It provides broad principles for a satisfactory stress testing framework and describes the manner in which stress testing should be employed as an integral component of risk management that is applicable at various levels of aggregation within an organization, as well as for contributing to capital and liquidity planning. Though the guidance is not intended to provide detailed instructions for conducting stress testing for any particular risk or business area, it does describe several types of stress testing activities and how they may be most appropriately used by banking organizations. The guidance emphasizes the importance of stress testing as an ongoing risk management practice that supports banking organizations' forward-looking assessment of risks and better equips them to address a range of adverse outcomes.

**2. Use of the information:**

The uses of an organization's stress testing framework should include (but are not limited to): augmenting risk identification and measurement; estimating business line revenues and losses and informing business line strategies; identifying vulnerabilities and assessing their potential impact; assessing capital adequacy and enhancing capital planning; assessing liquidity adequacy and informing contingency funding plans; contributing to strategic planning; enabling senior management to better integrate strategy, risk management, and capital and liquidity planning decisions; and assisting with recovery planning.

A banking organization should have:

- A stress testing framework that includes:
  - Clearly defined objectives;
  - Well-designed scenarios tailored to the organization's business and risks;
  - Well-documented assumptions;
  - Conceptually sound methodologies to assess potential impact the organization's financial condition;
  - Informative management reports;
  - Recommended actions based on stress test results; and
- Policies and procedures for a stress testing framework.

**3. Consideration of the use of improved information technology:**

National banks may use any information technology that permits review by OCC examiners.

**4. Efforts to identify duplication:**

The information required is unique. It is not duplicated elsewhere.

**5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:**

Not applicable. The information collection affects only large institutions.

**6. Consequences to the Federal program if the collection were conducted less frequently:**

Conducting the collection less frequently would present safety and soundness risks.

**7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:**

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.

**8. Efforts to consult with persons outside the agency:**

On June 15, 2011 (76 FR 35072), the agencies published the proposed guidance for 60 days of comment. Three comments were received regarding the burden of the guidance from two trade associations and one national bank.

The comments stated that implementation will require a multiple of the 260 estimated hours. The agencies emphasize that the guidance does not implement the stress testing requirements imposed by the Dodd-Frank Act or the Board's capital plan rule, and does not otherwise impose mandatory stress testing requirements. The burden of information collections associated with mandatory stress tests will be accounted for in the respective rules that implement those requirements.

In addition, the agencies believe that in some respects, the information collection elements of this guidance augment certain expectations that already are in place relative to certain existing supervisory guidance. The burden estimates for this guidance take into consideration only those collections of information, such as documentation of policies and procedures and relevant reports, which are specific to this guidance. Based on these factors, the agencies believe the burden estimates included in the proposed guidance continue to be appropriate.

**9. Payment to respondents:**

There is no payment to respondents.

**10. Any assurance of confidentiality:**

To the extent the OCC collects information during an examination of a banking organization, confidential treatment may be afforded to the records under exemption 8 of the Freedom of Information Act, 5 U.S.C. 552(b)(8).

**11. Justification for questions of a sensitive nature:**

No questions of a sensitive nature are asked.

**12. Burden estimate:**

Given the data available to us, we expect that 62 institutions (50 national banks and 12 thrifts) may be affected by the guidance.

(a) Documentation of assumptions, uncertainties and limitations - 62 respondents x 40 hours per respondent = 2,480 burden hours (Recordkeeping)

(b) Summary of test results - 62 respondents x 40 hours per respondent = 2,480 burden hours (Recordkeeping)

(c) Policies and procedures (establishing and ensuring compliance with); Assigning staff (including training); Overseeing test development and implementation; Evaluating Results; Taking remedial action; Reporting to Board; Written policies and procedures, approved annually, that direct and govern implementation; Appropriate documentation of tests reviewed by Board

and Senior Management - 62 respondents x 180 hours per respondent = 11,160 burden hours  
(Recordkeeping and Disclosure)

Total burden: 62 respondents; 16,120 burden hours

**13. Estimate of annualized costs to respondents:**

None.

**14. Estimate of annualized costs to the government:**

None.

**15. Changes in burden:**

+ 62 respondents; + 16,120 burden hours

The increase is due to the fact that this is a new collection.

**16. Information regarding collections whose results are planned to be published for statistical use:**

Not applicable.

**17. Display of expiration date:**

Not applicable.

**18. Exceptions to certification statement:**

None.

**B. Collections of Information Employing Statistical Methods**

Not applicable.